

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

ASSURED GUARANTY MUNICIPAL CORP.,  
f/k/a FINANCIAL SECURITY ASSURANCE,  
INC.

Plaintiff,

vs.

Case No.: 11-CIV-2375 (JSR)

FLAGSTAR BANK, FSB; FLAGSTAR  
CAPITAL MARKETS CORPORATION; and  
FLAGSTAR ABS, LLC

Defendants.

**DECLARATION OF VERONICA E. RENDÓN IN SUPPORT OF  
FLAGSTAR BANK, FSB, FLAGSTAR CAPITAL MARKETS CORPORATION, AND  
FLAGSTAR ABS, LLC's MOTION FOR SUMMARY JUDGMENT**

VERONICA E. RENDÓN declares:

1. I am an attorney admitted to the Bar of the State of New York and the Bar of this Court, and I am a member of the law firm of Arnold & Porter LLP, attorneys for defendants Flagstar Bank, FSB, Flagstar Capital Markets Corporation, and Flagstar ABS (collectively, "Flagstar"). I submit this declaration in support of defendants' motion for summary judgment.
2. Attached hereto as Exhibit A is a true and correct copy of the First Amended Complaint in this matter, dated August 18, 2011.
3. Attached hereto as Exhibit B is a true and correct copy of Defendant's Answer to the First Amended Complaint, filed August 19, 2011.
4. Attached hereto as Exhibit C is a true and correct copy of the expert report of Thomas J. Adams, dated December 22, 2011. This exhibit is filed under seal pursuant to Protective Order.

5. Attached hereto as Exhibit D is a true and correct copy of excerpts of the deposition of David Beard, a former FSA employee, taken November 1 and November 10, 2011.

6. Attached hereto as Exhibit E is a true and correct copy of excerpts of the deposition of David Williams, former Financial Security Assurance Holdings, Ltd. ("FSA") and Assured Guaranty Municipal Corp. ("AGM") employee, taken November 8, 2011.

7. Attached hereto as Exhibit F is a true and correct copy of FSA's Executive Summary Flagstar Home Equity Loan Trust 2005-1. [AGM06132086-104]. This exhibit is filed under seal pursuant to Protective Order.

8. Attached hereto as Exhibit G is a true and correct copy of FSA's Executive Summary Flagstar Home Equity Loan Trust 2006-2. [AGM00008151-67] This exhibit is filed under seal pursuant to Protective Order.

9. Attached hereto as Exhibit H is a true and correct copy of excerpts of the deposition of George Stiehl, a current employee of AGM and former employee of FSA taken November 17, 2011.

10. Attached hereto as Exhibit I is a true and correct copy of FSA's General Underwriting guidelines, last approved by Holdings Board November 8, 2007. [AGM03984161-212]. This exhibit is filed under seal pursuant to Protective Order.

11. Attached hereto as Exhibit J is a true and correct copy of Exhibit 25 to the deposition of George Stiehl, a current employee of AGM and former employee of FSA taken November 17, 2011. This exhibit is filed under seal pursuant to Protective Order.

12. Attached hereto as Exhibit K is a true and correct copy of Exhibit 26 to the deposition of George Stiehl, a current employee of AGM and former employee of FSA taken November 17, 2011. This exhibit is filed under seal pursuant to Protective Order.

13. Attached hereto as Exhibit L is a true and correct copy of Exhibit 27 to the deposition of George Stiehl, a current employee of AGM and former employee of FSA taken November 17, 2011. This exhibit is filed under seal pursuant to Protective Order.

14. Attached hereto as Exhibit M is a true and correct copy of excerpts of the deposition of Vicki Beal, a current employee of Clayton Holdings, LLC taken December 14, 2011. This exhibit is filed under seal pursuant to Protective Order.

15. Attached hereto as Exhibit N is a true and correct copy of Exhibit 19 to the deposition of George Stiehl, a current employee of AGM and former employee of FSA taken November 17, 2011. This exhibit is filed under seal pursuant to Protective Order.

16. Attached hereto as Exhibit O is a true and correct copy of an email dated October 31, 2005, from David Beard to George Stiehl, entitled "Fw: JPM-Flagstar - 125 loan review." [AGM04128173]. This exhibit is filed under seal pursuant to Protective Order.

17. Attached hereto as Exhibit P is a true and correct copy of an email dated November 15, 2005, from Debbie Destefano to David Beard and individuals at JPMorgan and Flagstar, entitled "FW: JPMorgan/Flagstar 0510 Preliminary Backup 11.15. 05." [AGM04127116]. This exhibit is filed under seal pursuant to Protective Order.

18. Attached hereto as Exhibit Q is a true and correct copy of an email dated November 22, 2005, from Debbie Destefano to David Beard, George Stiehl, and individuals at Flagstar and JPMorgan, entitled "RE: FLAG0510 REPORTS- revised." [AGM04594734]. This exhibit is filed under seal pursuant to Protective Order.

19. Attached hereto as Exhibit R is a true and correct copy of an email dated October 11, 2006, from Oscar Barajas to George Stiehl, entitled "2006-S Flagstar Reports 10.10.06." [AGM04608647]. This exhibit is filed under seal pursuant to Protective Order.

20. Attached hereto as Exhibit S is a true and correct copy of a document titled "2006-2 Flagstar-Loan Disposition Report\_10-11-06" which was attached to the email in Exhibit R, above. Plaintiff produced this Report without stamping the document. As such, I have attached a cover page reflecting the bates number of the Report. [AGM04608650]. This exhibit is filed under seal pursuant to Protective Order.

21. Attached hereto as Exhibit T is a true and correct copy of an email dated November 9, 2006 from Oscar Barajas to Reid Scott, copying George Stiehl, entitled "2006-2 Flagstar Updated Reports 11.06.06." [AGM04638377] This exhibit is filed under seal pursuant to Protective Order.

22. Attached hereto as Exhibit U is a true and correct copy of a document titled "2006-2 Flagstar-Loan Disposition Report\_11-09-06" which was attached to the email in Exhibit T, above. Plaintiff produced this Report without stamping the document. As such, I have attached a cover page reflecting the bates number of the Report. [AGM04638380]. This exhibit is filed under seal pursuant to Protective Order.

23. Attached hereto as Exhibit V is a true and correct copy of an email dated December 6, 2006, in which Paul White forwards an email from Oscar Barajas, entitled "2006-2 Flagstar 12.06.06 Reports." [AGM04633712]. This exhibit is filed under seal pursuant to Protective Order.

24. Attached here as Exhibit W is a true and correct copy of the "2006-2 Flagstar-Loan Disposition Report\_12-06-06" which was attached to the email in Exhibit V, above. Plaintiff produced this Report without stamping the document. As such, I have attached a cover page reflecting the bates number of the Report. [AGM04633720]. This exhibit is filed under seal pursuant to Protective Order.

25. Attached hereto as Exhibit X is a true and correct copy of an email dated December 20, 2006, from Karthryn Bauer to David Beard, George Stiehl, and individuals at Flagstar and JPMorgan, entitled "Fw: 2006-2 Flagstar Final Reports Request." [AGM04654173]. This exhibit is filed under seal pursuant to Protective Order.

26. Attached hereto as Exhibit Y is a true and correct copy of the "2006-2 Flagstar-Loan Disposition Report\_12-20-06" which was an attachment to the email in Exhibit X, above. Plaintiff produced this Report without stamping the document. As such, I have attached a cover page reflecting the bates number of the Report. [AGM04654180]. This exhibit is filed under seal pursuant to Protective Order.

27. Attached hereto as Exhibit Z is a true and correct copy of the Expert Report of Jeffrey S. Nielsen dated December 22, 2011. This exhibit is filed under seal pursuant to Protective Order.

28. Attached hereto as Exhibit AA is a true and correct copy of the expert report of Nelson R. Lipshutz, PhD.

29. Attached hereto as Exhibit BB is a true and correct copy of the corrected Origination Expert Report of Rebecca B. Walzak dated December 2, 2011. This exhibit is filed under seal pursuant to Protective Order.

30. Attached hereto as Exhibit CC is a true and correct copy of excerpts of the deposition of Rebecca Walzak, plaintiff's expert on origination, taken December 19, 2011. This exhibit is filed under seal pursuant to Protective Order.

31. Attached hereto as Exhibit DD is a true and correct copy of the Minutes of the Meeting of the FSA Management Review Committee, dated November 23, 2005. [AGM06152982-986]. This exhibit is filed under seal pursuant to Protective Order.

32. Attached hereto as Exhibit EE is a true and correct copy of the Minutes of the Meeting of the FSA Board of Directors, dated September 14, 2005. [AGM061070676-684]. This exhibit is filed under seal pursuant to Protective Order.

33. Attached hereto as Exhibit FF is a true and correct copy of the 2006-2 Sale and Servicing Agreement dated December 21, 2006. [AGM00008495].

34. Attached hereto as Exhibit GG is a true and correct copy of the 2006-2 Mortgage Loan Purchase Agreement dated December 21, 2006. [AGM00002277].

35. Attached hereto as Exhibit HH is a true and correct copy of the Expert Report of John R. Griggs dated January 1, 2012. This exhibit is filed under seal pursuant to Protective Order.

36. Attached hereto as Exhibit II is a true and correct copy of Plaintiff's Responses to Defendants' Requests for Admission dated January 6, 2012.

37. Attached hereto as Exhibit JJ is a true and correct copy of the FSA Operating Guidelines, Risk Management—General, last revised October 27, 2005. [AGM04002729-2748]. This exhibit is filed under seal pursuant to Protective Order.

38. Attached hereto as Exhibit KK is a true and correct copy of the FSA Operating Guidelines, Risk Management—General, last revised February 15, 2007. [AGM03984150-4151]. This exhibit is filed under seal pursuant to Protective Order.

39. Attached hereto as Exhibit LL is a true and correct copy of excerpts of the deposition of Linda Terrasi, an employee of Flagstar Bank, taken December 19, 2011.

40. Attached hereto as Exhibit MM is a true and correct copy of excerpts of the deposition of Marni Scott, an employee of Flagstar Bank, taken October 27, 2011.

41. Attached hereto as Exhibit NN is a true and correct copy of the expert report of Ann Rutledge dated December 22, 2011. This exhibit is filed under seal pursuant to Protective Order.

42. Attached hereto as Exhibit OO is a true and correct copy of excerpts of the deposition of Stanley Jursek, an employee of Flagstar Bank, dated October 28, 2011.

43. Attached hereto as Exhibit PP is a true and correct copy of excerpts from Form 10-Q filed by Flagstar Bancorp, September 30, 2011.

44. Attached hereto as Exhibit QQ is a true and correct copy of the 2006-2 Insurance & Indemnity Agreement dated December 21, 2006. [FLAGSTAR 000036194]

45. Attached hereto as Exhibit RR is a true and correct copy of the Expert Report of Joseph R. Mason dated November 14, 2011. This exhibit is filed under seal pursuant to Protective Order.

46. Attached hereto as Exhibit SS is a true and correct copy of the Supplemental Expert Report of John R. Mason dated November 29, 2011. This exhibit is filed under seal pursuant to Protective Order.

47. Attached hereto as Exhibit TT is a true and correct copy of excerpts of the deposition of Russell Brewer, a current employee of AGM and former employee of FSA, dated December 16, 2011.

48. Attached hereto as Exhibit UU is a true and correct copy of the corrected Supplemental Expert Report of Rebecca B. Walzak dated December 2, 2011. This exhibit is filed under seal pursuant to Protective Order.

49. Attached hereto as Exhibit VV is a true and correct copy of excerpts of the deposition of Rebecca B. Walzak, plaintiff's expert, taken December 20, 2011. This exhibit is filed under seal pursuant to Protective Order.

50. Attached hereto as Exhibit WW is a true and correct copy of Exhibit 1 (2005-1) to the Supplement Expert Report of Rebecca B. Walzak dated December 2, 2011. This exhibit is filed under seal pursuant to Protective Order.

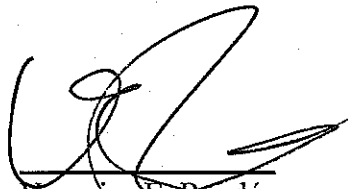
51. Attached hereto as Exhibit XX is a true and correct copy of Exhibit 1 (2006-2) to the Supplement Expert Report of Rebecca B. Walzak dated December 2, 2011. This exhibit is filed under seal pursuant to Protective Order.

52. Attached hereto as Exhibit YY is a true and correct copy of the Expert Report of Russell Pleasants, defendants' expert, dated December 22, 2011. This exhibit is filed under seal pursuant to Protective Order.

53. Attached hereto as Exhibit ZZ is a true and correct copy of excerpts from the deposition of John R. Mason, plaintiff's expert, taken January 4, 2012.

54. Attached hereto as Exhibit AAA is a true and correct copy of excerpts from the deposition of Thomas J. Adams, taken January 3, 2012. This exhibit is filed under seal pursuant to Protective Order.

Dated: January 9, 2012  
New York, New York



Veronica E. Rendon  
399 Park Avenue  
New York, New York 10022  
Tel: (212) 715-1000  
Fax: (212) 715-1399  
[veronica.rendon@aporter.com](mailto:veronica.rendon@aporter.com)



*Attorneys for Defendants Flagstar Bank, FSB,  
Flagstar Capital Markets Corporation and Flagstar  
ABS, LLC*